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SUBJECT: BINGU AND PARLIAMENT - IMPASSE OVER SALARY INCREASE

11. (SBU) Summary: Parliament, in the midst of budget deliberations, adjourned for the remainder of the week on July 19 after a dispute over a parliamentary pay raise brought the House to a standstill. MPs are demanding a 60 percent pay raise, which they say is comparable to a raise being given to judges. Most MPs, including those on the government side, are in favor of some type of pay raise. However, President Bingu wa Mutharika has flatly rejected the idea and, according to Embassy sources, told Parliament to, "go to hell." The opposition is refusing to move forward with the budget until a compromise is reached. Parliament will meet again on Monday, July 31. End Summary.

12. (U) In the run up to the current budget session, the Public Appointments Committee of Parliament recommended increases to salaries for both judges and MPs. While the government has included the salary increase for judges, it did not include a salary increase for MPs in this year's budget. MPs, who currently make 258,000 kwacha (\$1,840) per month, want a raise to 400,000 kwacha (\$2,850) per month.

13. (U) An agreement seemed to have been reached on July 17 between the Minister of Finance and opposition leaders, with the Minister agreeing to some sort of pay raise. However, the President quickly squashed the agreement, apparently flatly refusing to compromise.

14. (U) Government and opposition leaders have spent the two days since trying, unsuccessfully, to find a way around the impasse. After adjourning early on July 18, and failing to meet all day on July 19, the Speaker finally announced that Parliament would adjourn for the remainder of the week.

15. (SBU) Comment: The opposition, still annoyed by government attempts to woo their MPs, has been looking for an excuse to fight over the budget. Without a majority, government needs the opposition to pass the budget, and would likely have problems within its own party if it continues to oppose any salary increase for MPs. However, after two years of largely unproductive parliamentary sessions (Parliament has passed only two substantive bills over the last four sessions), President Mutharika seems unwilling to put a pay raise on the table at all. Yet unless the President is willing to work off of a continuing resolution indefinitely, he will have to agree to some sort of compromise soon. End Comment.

REINTSMA